

Determining Family Size and Income

Purpose

This chapter outlines the steps on how to determine who is counted in the family size and how to estimate the family's income. A sample income calculation worksheet to be used in screening for the family's income is provided at the end of this chapter on pages 4-37 and 4-38.

Steps to Determine Family Size and Income

There are several steps in determining the family size and income. Because of the Federal Income Guidelines, ages of the children and financial responsibility (whose income is counted for whom), children in the same family qualify for different programs.

There are five basic steps in determining family size and income:

1. Determine the family size.
2. Determine the income counted for each family member.
3. Determine the gross monthly income for each child.
4. Determine the deductions for each child.
5. Determine the net monthly income for each child.

Manipulation, incorrect reporting of family size and/or income, or splitting families by putting each child on a separate application is considered fraudulent behavior and is grounds for termination of the CAA number and certificate.

NOTE: CAAs are not eligibility workers or eligibility specialists. The final eligibility determination is made by the programs themselves (Medi-Cal and Healthy Families).

4

Determining Family
Size & Income

Step 1: Determine the Family Size

In order to be counted in the family size, persons must live in the home (with the exception of children under age 21 who are away at school and claimed as tax dependents). Only the incomes of those people counted in the family size are considered.

Who counts in the family size?

- Parents (married or unmarried)
- Spouses/stepparents
- Children (full, half and stepsiblings) under age 21
- Children (full, half and stepsiblings) under age 21 who are away at school and claimed as tax dependents
- Unborn children of any family member

Who does not count in the family size?

- Caretaker relatives such as grandparents or other relatives
- Legal guardians or foster parents
- Recipients of most forms of public assistance (i.e., SSI/SSP, CalWORKS, TANF or General Relief)
- The unmarried father of an unborn child if he has no other children with the pregnant woman
- Roommates, friends and others

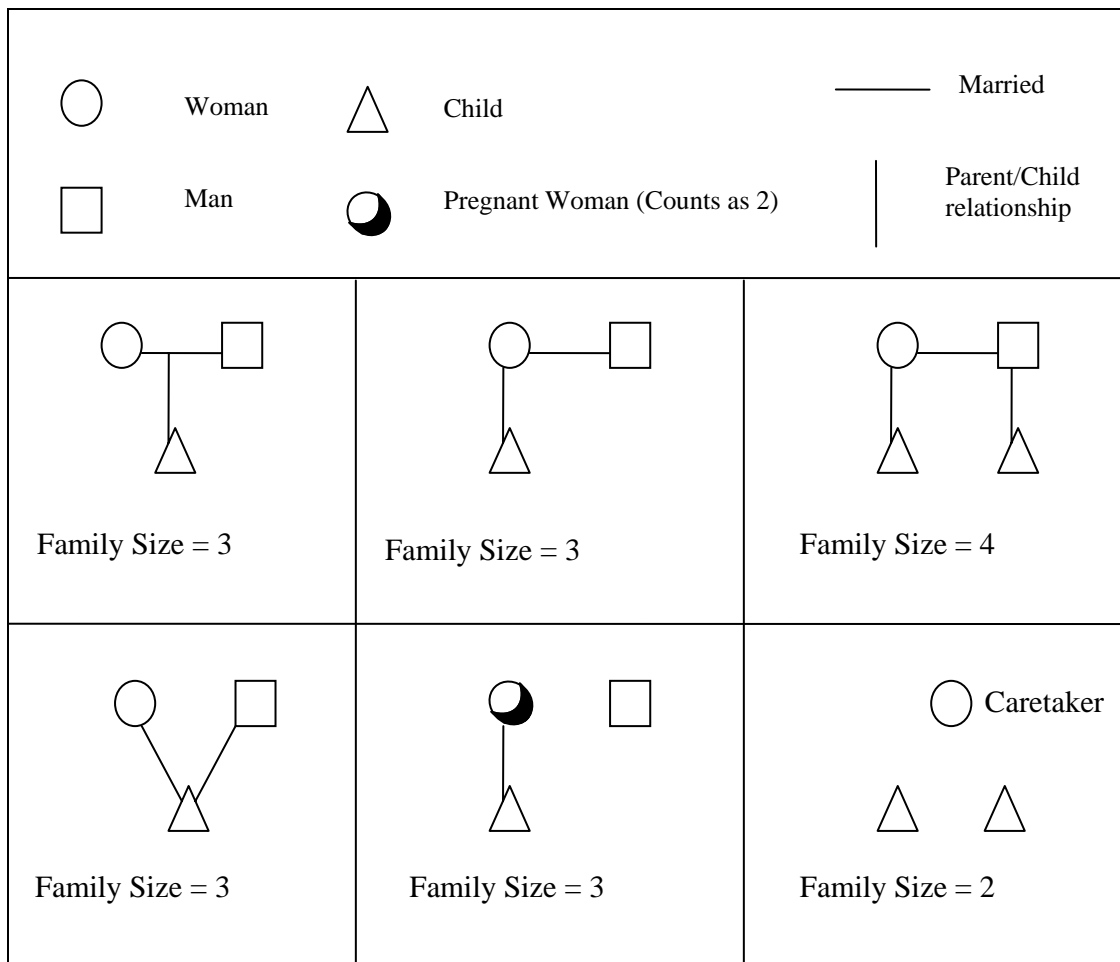
NOTE: Absent parents (natural or adoptive) may ONLY apply for Healthy Families for their children who do not live with them. Absent parent cannot apply for Medi-Cal for their children who do not live with them. The absent parent is the applicant, but the family size and income used would be from the CHILDREN'S household. Absent parents would not be counted in the family size, and their incomes would not be counted. See Chapter 7: *Healthy Families* for more information about absent parents applying for Healthy Families.

Step 1: Determine the Family Size

When determining family size it can be helpful to diagram the family members and their relationships to each other.

The symbols used for family members are listed below with some common examples.

Family Size Diagrams



4

Determining Family
Size & Income

NOTE: Diagramming can also be useful when determining whose income is counted for whom.

Step 2: Determine the Income that is Received by Each Family Member

Families may have many different sources of income which may include earnings from a job, interest income, child support and public assistance. Only some of these forms of income are counted and used when calculating family members' incomes.

There are three types of income to consider:

1. Income that is counted
2. Income that is not counted
3. Income that is excluded (i.e., most forms of public assistance—the income or services from public assistance is not counted and the family members who receive this type of income are not counted in the family size).

The following table describes the types of income that are counted and what documentation is required.

Income That is Counted

INCOME	DOCUMENTATION
Earnings from a job, often referred to as “earned income.” This includes cash, wages, salary, commissions, tips or under the table (untaxed) income. This also includes job earnings of a child over age 14 AND not going to school. Note: If children are on a break (summer, spring, etc.) but will return to school, they are considered going to school and their job earnings will NOT be counted.	A copy of the paycheck stub for a pay period ending within the last 45 days of when the application is received at Single Point of Entry (SPE), OR Previous year’s Federal Tax Forms 1040, 1040A, 1040EZ or an e-file printout of these forms. This is helpful when a family’s income changes during the year. See pages 4-25 through 4-36 for samples, OR An employer statement on the employer’s letterhead or name of company stated on letter, including name of person employed, signature of employer, date of letter, pay frequency and gross amount. See page 4-33 for a sample employer letter.

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
Continued from previous page.	<p>The adult receiving income can write an affidavit if there are no other ways to document the income. This letter should include:</p> <ul style="list-style-type: none"> • Name and signature of person receiving income • Date of letter • How much the employee is paid • Date, frequency and source of payment • Declarations that (a) the information provided is true and correct, (b) there is no other form of income documentation available, and (c) the employee understands that the state may verify the information provided. <p>See page 4-34 for a sample affidavit.</p>
<p>Self-employment net profits</p> <p>Note: Self-employed persons cannot use affidavits.</p>	<p>Previous year's Federal Tax Form 1040. This must include the Federal Schedule C "Profit or Loss Statement Business" form or the Federal Schedule F "Profit or Loss from Farming" (depreciation and entertainment and meals are added back to the net income), OR</p> <p>Three month Profit and Loss Statement. See page 4-32 for a sample or consult a tax advisor for instructions on preparing a Profit and Loss statement.</p>
Social Security: Retirement, Survivors and Disability Insurance (RSDI)	<p>Copy of award letter, OR</p> <p>Copy of check, OR</p> <p>Copy of bank statement showing direct deposit</p>
Veteran's Benefits	<p>Copy of award letter, OR</p> <p>Copy of check, OR</p> <p>Copy of bank statement showing direct deposit</p>

4

Determining Family Size & Income

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
Railroad Retirement	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
State Disability Insurance (SDI)	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Workers' Compensation	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Unemployment	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Child support, alimony or spousal support payments received	Copy of court order, OR Copy of payment receipt, OR Statement from absent parent/spouse who makes the payment(s)
Cash income/unverifiable income	Affidavit. This can be self-declared. See page 4-34 for a sample
Farming	Federal Income Tax Form 1040– must include Federal Schedule F form (depreciation is added back into the net income)
Pensions or retirement	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Interest Income may be received each month or may accumulate in an account. Some interest, such as that from an IRA account, is not counted.	Copy of current bank statement showing interest earned, OR Previous year's federal tax form

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
<p>Rental income</p> <p>Healthy Families: Use net profits from the previous year's Federal tax return, line 17. Divide the positive amount on line 17 by line 12 to determine the monthly net profit income.</p> <p>Medi-Cal: Report the gross rental income. The county Department of Social Services will contact the applicant for rental expense information.</p>	<p>Copy of previous year's Federal 1040 tax form</p>
<p>Gifts, lottery, gambling winnings</p>	<p>May include a signed statement from the person who gave the gift or the recipient of the lottery or gambling winnings.</p> <p>Gift income statement must be signed by the person who gave the gift, and the gift cannot come from someone who is counted in the family size.</p> <p>Gifts must be received on an ongoing basis.</p>
<p>Insurance annuity</p> <p>Either lump sum or monthly payments/or payments received on investments or an insurance policy.</p>	<p>Copy of award letter, or Copy of check, OR Copy of bank statement showing direct deposit</p>

NOTE: A recent Notice of Action (NOA) (less than 60 days old) from the county Department of Social Services will also be accepted as proof of income. This NOA must be for the children who are applying for Healthy Families and the budget or budget worksheet must be attached. See page 4-35 and 4-36 for a sample NOA.

4

Determining Family
Size & Income

Step 2: Determine the Income that is Received by Each Family Member

There are many types of income that are not counted. These forms of income are not used to determine families' incomes and ARE NOT listed on the application with the exception of some forms of public assistance that affect family size.

Income That is NOT Counted

- Agent Orange payment to Armed Services Personnel who were exposed
- Disaster and emergency assistance payments
- Educational grants and scholarships
- Energy Assistance payments to low-income families
- Executive volunteer programs
- Federal Housing Assistance
- Federal payments to American Indians and Alaskan Natives
- Foster care payments
- 401K plan or account that has been cashed out prior to retirement age
- In-kind income, services in-kind
- Income tax credits
- Income tax refund
- Japanese reparation payments
- Job earnings of a child under age 14
- Job earnings of a child age 14 or older if the child is in school
- Lump-sum inheritance
- Payments to victims of crimes
- Payments to victims of the socialist persecution
- Property tax refunds or rebates
- Radiation Exposure Compensation Trust Fund Payments
- Relocation assistance benefits
- Reimbursed expenses, e.g., travel expenses
- Scholarships, loans and grants applied towards college expenses
- Senior citizen volunteer programs
- Spina Bifida payments
- Title IV student assistance
- Training expenses paid by the Department of Rehabilitation
- Trust accounts. The interest may count as income if the family draws interest each month and if the account is considered accessible. Medi-Cal may count the interest or require additional information about the account.
- Value of Food Stamps
- Vista payments
- Workforce Investment Act (WIA payments)

Step 2: Determine the Income that is Received by Each Family Member

Income That is Excluded

Recipients of the following forms of public assistance are not counted in the family size and this income is not counted. Proof of these forms of public assistance must be indicated on the application and proof must be submitted. Not providing this information may result in a wrong eligibility determination due to an incorrect family size determination. See Chapter 8: *Application Completion Instructions* for more information.

- Public assistance payments:
 - ◊ Supplemental Security Income/State Supplemental Program (SSI/SSP)
 - ◊ CalWORKS (TANF, AFDC) - may receive Medi-Cal and Cash Assistance
 - ◊ 1931(b) Medi-Cal only
 - ◊ General Relief/Assistance
 - ◊ 20% Social Security Increase (Pickle)
 - ◊ Aid to Adoption Payments (AAP)
 - ◊ Cuban Refugee Cash Grant (RMA)
 - ◊ Emergency Assistance (EA)
 - ◊ Indochinese Refugee Cash Grant
 - ◊ In Home Supportive Services (IHSS)

NOTE: Persons who receive care under IHSS are considered to be the recipient. They are excluded from the household and their income is not counted. Persons giving the care under IHSS are considered to be the provider and their income is counted as earned income.

4

Determining Family
Size & Income

Step 3: Determine the Gross Monthly Income for Each Family Member

Once the family size and countable income have been determined, whose income is counted for whom (financial responsibility) is determined. Not everyone who is counted in the family size will have his/her income counted for all of the family members.

Whose income is counted for which family member depends on his/her family relationships. Family members' incomes are only counted for those people for whom they are financially responsible.

Adults are financially responsible for:

- Themselves
- Their spouse
- Their children
 - ◊ Biological or adoptive

Stepparents are not financially responsible for their stepchildren. Unmarried partners are not financially responsible for each other.

Children are not financially responsible for adults or their siblings. Their incomes, if counted, are only counted for themselves. If the children are parents, however, their incomes will also be counted for their children.

NOTE: Child support is counted as the child's income.

Step 3: Determine the Gross Monthly Income for Each Family Member

Calculating Income

When calculating income for adults, use the gross amount received before any taxes, retirement, child support or other withholdings. The only income that is used for screening is the income that is counted. Refer to step 2 for income that is counted and income not counted. Do not use income that is not counted or excluded in the income calculations.

For counted family members, determine how often each person receives income and then convert this income to a monthly amount, as follows:

- Once a month: Use the gross monthly amount
 - Twice a month: Multiply by 2
 - Every 2 weeks: Multiply by 2.167
 - Every week: Multiply by 4.33
 - Quarterly (Every three months): Divide by 3
 - Annually* (Once a year): Divide by 12
- *refer to Federal Income Tax form 1040 or similar.

Often family members do not realize that there is a difference between being paid twice a month and being paid every two weeks.

- If family members are paid on two specific DATES each month (e.g., 1st and 15th), they are paid twice a month.
- If family members are paid on a specific DAY of the week (e.g., every other Friday, every other Tuesday), they are paid every two weeks.

CAAs will need to ask family members about the dates they are paid and may need to check the dates on a calendar to see how often they are paid.

Step 3: Determine the Gross Monthly Income for Each Family Member

Calculating Parent's Monthly Gross Income

Calculate the gross amount the parent receives and multiply by the appropriate frequency (described above) to determine the monthly income. If parents have more than one source of earned incomes, calculate each source of income separately. Add the sum of any 'other countable' income (i.e. alimony, Social Security, SDI etc.) the parent might receive.

NOTE: DO NOT use income that is not counted or excluded in the income calculations. Refer to Step 2: *Income that is Counted* .

Take the sum of all countable income to determine the parent's total monthly gross income.

Calculating the Child's Monthly Gross Income

Calculate the gross amount of income the child receives and multiply or divide by the appropriate frequency (frequency chart on page 4-11). When calculating the monthly gross income for a child, include any countable earned income the child receives. Countable income for a child may include job earnings of a child over age 14 AND not going to school. Other countable income for a child may include child support and/or government benefits (i.e. Social Security benefits, etc.) Refer to Step 2 for income that is counted and financial responsibility on

Calculating the Pregnant Woman's Monthly Gross Income

When calculating the monthly gross income for a pregnant woman, calculate her income the same as a parent if she is an adult, and calculate as a child if she is a minor.

Step 4: Determine the Deductions for Each Child and Pregnant Woman

Medi-Cal and Healthy Families allow certain income deductions. These are different from tax deductions. The deductions and required documentation are listed in the following chart.

INCOME DEDUCTION	DOCUMENTATION
<p>Work Expense:</p> <p>\$90 for each working family member whose income is counted</p> <p>Deductions are only for earned income (from work).</p> <p>If the income is less than \$90, use the actual amount of income.</p> <p>Income from Temporary Workers' Compensation and State Disability Insurance (SDI) is counted as earned income and recipients also will receive the \$90 work expense deduction. Recipients of permanent Workers' Compensation will not receive this deduction.</p>	<p>No additional documentation needed beyond proof of income (paycheck stub, employer letter, affidavit, etc.)</p>
<p>Child Care Expenses:</p> <p>Total of Child Care expenses paid for all children who are counted in the family size:</p> <ul style="list-style-type: none"> • Up to \$200 for each child under age 2 • Up to \$175 for each child age 2 and older <p>If the amount paid is less than the maximum allowed, deduct the actual amount paid.</p> <p>For example, parents have a newborn and an 18 month-old. Mom pays \$300 per child per month (total of \$600 per month). Mom can deduct \$400 for child care expenses from her gross income.</p> <p>Working adults and adults in job training/school may get the deduction for child care expenses when there is no other person in the home who can provide child care.</p>	<p>Copies of the receipts, OR</p> <p>Cancelled checks, OR</p> <p>Signed statement from the child care provider</p>

4

Determining Family Size & Income

Step 4: Determine the Deductions for Each Child and Pregnant Woman

INCOME DEDUCTION	DOCUMENTATION
<p>Disabled Dependent Care Expenses:</p> <p>The total of dependent care expenses paid for all dependents: Up to \$175 for each disabled dependent</p> <p>If the amount paid is less than \$175, deduct the actual amount paid.</p> <p>Note: Only the parent who pays for the expense is eligible for this deduction.</p> <p>Working adults and adults in job training may get the deduction for dependent care expenses. This deduction may be reviewed by the county Department of Social Services or the Healthy Families Program.</p>	<p>Copies of receipts, OR</p> <p>Cancelled checks</p>
<p>Alimony and/or Child Support Received:</p> <p>The maximum deduction for all alimony and/or child support received is \$50 per family. The deduction is divided among all family members receiving alimony and/or child support.</p> <p>If the total amount received is less than \$50, deduct the actual amount received.</p> <p>For example, if a child receives child support and his/her parent also receives alimony, the parent and child will each receive a \$25 deduction.</p>	<p>No additional documentation needed beyond proof of income (court order, payment receipt, etc.)</p>

Step 4: Determine the Deductions for Each Child and Pregnant Woman

INCOME DEDUCTION	DOCUMENTATION
<p>Court Ordered Alimony and Child Support Paid:</p> <p>Deduct the full amount of the court order or the actual amount paid, whichever is less.</p> <p>Alimony and child support paid that is not court ordered will NOT be deducted.</p> <p>Note: Only the parent who pays the court ordered alimony and/or child support is eligible for this deduction.</p>	<p>Copy of the court order,</p> <p style="text-align: center;">OR</p> <p>Payment receipts or cancelled checks</p> <p>Copy of a paycheck stub showing a garnishment for alimony/and or child support,</p> <p style="text-align: center;">OR</p> <p>If the amount paid is less than the court ordered amount, cancelled checks or receipts may be sent.</p>

4

Determining Family Size & Income

NOTE: The county Department of Social Services will need to determine special deductions for family members who are aged, blind or disabled. Families with aged, blind or disabled individuals may have a lower countable income after these special deductions are used.

Step 5: Determine the Net Monthly Income for Each Family Member

Calculating Parent Net Income

In determining a parent's net income, subtract the total parent deductions (Step 4: *Determine the Deductions for each Child and Pregnant Woman*) from the total parent gross income (Step 3: *Determine the Gross Monthly Income for Each Family Member*). Do this for each parent in the home who is counted in the family size.

$$\text{Parent Net Income} = (\text{Total Gross Income} - \text{Total Parent Deductions})$$

Calculating Net Income for Children and Pregnant Women

Because not every family member's income is counted for all other family members, each child and pregnant woman's income must be calculated separately. Only the income of those who are financially responsible for a family member will be used.

For a child, use the income of:

- The child's natural or adoptive parent
- Father of baby if child in common
- The child

For a pregnant woman, use the income of:

- The pregnant woman
- The pregnant woman's husband

NOTE: The father of baby refers to the natural or adoptive father of an infant. He is counted in the family size and his income is counted for his child if he lives in the home, even if he is not married to the child's mother.

There may be other people who are counted in the family size, such as stepparents and other children with income, but their incomes will not be counted unless they meet the criteria listed above.

Step 5: Determine the Net Monthly Income for Each Family Member

Child's Net Income

In determining a child's net income, use only the Parent Net income of those who are financially responsible for this child. Refer to *Step 3: Determine the Gross Monthly Income for Each Family Member*.

NOTE: Remember there may be other people who are counted in the family size, such as stepparents and other children with income, whose income may not apply.

Determine the Parent Net income that applies to the child and add this to the child's Total Gross Income, if any.

Subtract any deductions the child may be eligible for including work expense (if the child has countable earned income) and the child support received deduction (if this child receives child support).

$$\text{Child Net Income} = (\text{Total Parent Net Income} + \text{Child Gross Monthly Income} - \text{Child Deductions})$$

Pregnant Woman's Net Income

In determining a pregnant woman's net income, rules regarding financial responsibility also apply. Refer to *Step 3: Determining the Gross Monthly Income for Each Family Member*. Use only the income of the family members who are financially responsible for the pregnant woman (i.e., herself, her husband/spouse). Do not apply any child income and/or child deductions when determining the net income of a pregnant woman.

NOTE: If pregnant teens are being applied for by parents, use Child Net Income calculations.

$$\text{Pregnant Woman's Net Income} = (\text{Pregnant woman's Net Income} + \text{Spouse's Net Income})$$

Step 5: Determine the Net Monthly Income for Each Child

Compare the child's net or pregnant woman's net income to the income chart below to see if the child or pregnant woman appears eligible for Medi-Cal or Healthy Families.

REMINDER: CAAs must always use the NET family income to see first if the children or pregnant women appear to be eligible for no-cost Medi-Cal. Children's applications that are screened eligible to no-cost Medi-Cal at SPE will be forwarded to the county Department of Social Services (if the applicants did not indicate "no" to Medi-Cal" in Question 16 on the application). Applications with incomes screened above no-cost Medi-Cal will be processed by Healthy Families (if the applicants did not indicate "no" to Healthy Families in Question 16 on the application.)

INCOME GUIDELINES

Use until March 31st, 2006. Guidelines change April 1st every year.

Family Size (number of persons)	Child Age 0 to 1 or Pregnant Woman Medi-Cal	Child Age 0 to 1 Healthy Families	Child Age 1 thru 5 Medi-Cal	Child Age 1 thru 5 Healthy Families	Child Age 6 thru 18 Medi-Cal	Child Age 6 thru 18 Healthy Families
1	\$0 - \$1,595	\$1,596 - \$1,994	\$0 - \$1,061	\$1,062 - \$1,994	\$0 - \$798	\$799 - \$1,994
2	\$0 - \$2,139	\$2,140 - \$2,673	\$0 - \$1,422	\$1,423 - \$2,673	\$0 - \$1,070	\$1,071 - \$2,673
3	\$0 - \$2,682	\$2,683 - \$3,353	\$0 - \$1,784	\$1,785 - \$3,353	\$0 - \$1,341	\$1,342 - \$3,353
4	\$0 - \$3,225	\$3,226 - \$4,032	\$0 - \$2,145	\$2,146 - \$4,302	\$0 - \$1,613	\$1,614 - \$4,032
5	\$0 - \$3,769	\$3,770 - \$4,711	\$0 - \$2,506	\$2,507 - \$4,711	\$0 - \$1,885	\$1,886 - \$4,711
6	\$0 - \$4,312	\$4,313 - \$5,390	\$0 - \$2,868	\$2,869 - \$5,390	\$0 - \$2,156	\$2,157 - \$5,390
7	\$0 - \$4,855	\$4,856 - \$6,069	\$0 - \$3,229	\$3,230 - \$6,069	\$0 - \$2,428	\$2,429 - \$6,029
8	\$0 - \$5,399	\$5,400 - \$6,748	\$0 - \$3,590	\$3,591 - \$6,748	\$0 - \$2,700	\$2,701 - \$6,748
9	\$0 - \$5,942	\$5,943 - \$7,428	\$0 - \$3,952	\$3,953 - \$7,428	\$0 - \$2,971	\$2,972 - \$7,428
10	\$0 - \$6,485	\$6,486 - \$8,107	\$0 - \$4,313	\$4,314 - \$8,107	\$0 - \$3,243	\$3,244 - \$8,107
Add the following dollar amount for each additional family member:						
	\$544	\$545 - \$680	\$362	\$363 - \$680	\$272	\$273 - \$680

Using Federal Income Tax Forms to Document Income

Using the federal income tax forms will document the income only for those family members in the household whose incomes are reported on that form. Other family members whose incomes are counted and not listed (e.g., spouses filing separately, children who receive child support, etc.) must provide separate proofs of income. These other sources of income need to be added to the net monthly income determined from the tax form. For stepparent households, applicants must provide verification (i.e., W-2 forms) to show the amount of the gross income listed on the tax form belonging to the stepparents. For other types of income belonging to the parents and stepparents (e.g., interest income,) divide this income in half.

Using the federal income tax form for the year prior to the previous year will only be accepted until the April 15th tax filing deadline. For example, if a family applied in February 2004, the 2002 federal tax forms could have been used to verify the family's income. After April 15th of each year, applicants can only use their federal tax forms for the previous year. If applicants submit federal tax forms from a period other than the previous year, the tax forms will be considered too old and will not be accepted as proof of income. Applicants will be required to submit their previous year's federal tax forms or some other forms of documentation to prove their incomes. Instructions for using specific federal tax forms are listed below.

4

Determining Family
Size & Income

Form 1040 U.S. Individual Income Tax Form:

Add all of the positive amounts listed in the "Income Section" together (Lines 7 through 21). If applicants have reported losses (negative amounts) on any of the lines of this section, these amounts are counted as zero. **DO NOT** subtract any losses from the positive gross income amount. This amount may be different than the amount on Line 22. See pages 4-25 for a sample of Form 1040.

Income Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see page 22. Enclose, but do not attach, any payment. Also, please use Form 1040-V.	7	Wages, salaries, tips, etc. Attach Form(s) W-2		7		
	8a	Taxable interest. Attach Schedule B if required		8a		
	b	Tax-exempt interest. Do not include on line 8a	8b			
	9a	Ordinary dividends. Attach Schedule B if required		9a		
	b	Qualified dividends (see page 23)	9b			
	10	Taxable refunds, credits, or offsets of state and local income taxes (see page 23)		10		
	11	Alimony received		11		
	12	Business income or (loss). Attach Schedule C or C-EZ		12		
	13a	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> 13a		13a		
	b	If box on 13a is checked, enter post-May 5 capital gain distributions 13b		13b		
	14	Other gains or (losses). Attach Form 4797		14		
	15a	IRA distributions 15a	b	Taxable amount (see page 25)	15b	
	16a	Pensions and annuities 16a	b	Taxable amount (see page 25)	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17		
	18	Farm income or (loss). Attach Schedule F		18		
19	Unemployment compensation		19			
20a	Social security benefits 20a	b	Taxable amount (see page 27)	20b		
21	Other income. List type and amount (see page 27)		21			
22	Add the amounts in the far right column for lines 7 through 21. This is your total income 22		22			

Using Federal Tax Forms to Document the Income

Form 1040A U.S. Individual Income Tax Form:

Add all the positive amounts listed in the “Income Section” together (Lines 7 through 14b). This may be different than the amount listed on line 15. A sample of Form 1040A is on page 4-25.

Income Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld. <small>If you did not get a W-2, see page 24.</small> <small>Enclose, but do not attach, any payment.</small>	7	Wages, salaries, tips, etc. Attach Form(s) W-2.	7	
	8a	Taxable interest. Attach Schedule 1 if required.	8a	
	b	Tax-exempt interest. Do not include on line 8a.	8b	
	9a	Ordinary dividends. Attach Schedule 1 if required.	9a	
	b	Qualified dividends (see page 25).	9b	
	10a	Capital gain distributions (see page 25).	10a	
	b	Post-May 5 capital gain distributions (see page 25).	10b	
	11a	IRA distributions.	11a	
	11b	Taxable amount (see page 25).	11b	
	12a	Pensions and annuities.	12a	
12b	Taxable amount (see page 26).	12b		
	13	Unemployment compensation and Alaska Permanent Fund dividends.	13	
	14a	Social security benefits.	14a	
	14b	Taxable amount (see page 28).	14b	
	15	Add lines 7 through 14b (far right column). This is your total income .	15	

NOTE: The 1040A cannot be used for self employment. See page 4-22. for instructions for using tax forms (Schedule C) for the self employed.

Form 1040EZ U.S. Individual Income tax Form:

Add all the positive amounts listed in the “Income Section” together (Lines 1 through 3). See page 4-29 for a sample of Form 1040EZ.

NOTE: The 1040EZ cannot be used for self-employment. See page 4-22 for instructions for using tax forms (Schedule C) for the self employed.

Income Attach Form(s) W-2 here. <small>Enclose, but do not attach, any payment.</small>	1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1	
	2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2	
	3	Unemployment compensation and Alaska Permanent Fund dividends (see page 14).	3	
	4	Add lines 1, 2, and 3. This is your adjusted gross income .	4	

Using Federal Income Tax Forms to Document the Income

IRS e-file:

The printout generated by the IRS e-file software, IRS forms 1040, 1040A and 1040EZ, also can be used to verify family members' previous years incomes. The lines reported on the IRS e-file printout correspond to the same lines as Form 1040, 1040A, or 1040EZ. This printout lists only the amounts actually reported on the actual federal tax form (positive and negative amounts).

4

Determining Family
Size & Income



Using the Federal Income Tax Form to Prove Self Employment Income

If the Federal Tax Form 1040 is used as proof of income for self-employed family members, a Schedule C (Business Income) or F (Farm Income) MUST also be submitted with the Tax Form 1040.

See pages 4-26 and 4-27 for samples of the Schedules C and F.

SOME DEDUCTIONS FROM PROFIT/LOSS ARE NOT ALLOWED

Both Medi-Cal and Healthy Families DO NOT ALLOW certain deductions:

- Depreciation listed on:

Line 13 of Schedule C

13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4) . . .	13		
--	-----------	--	--

Line 16 of Schedule F

16 Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4) . . .	16		
---	-----------	--	--

- Meals and entertainment listed on:

Line 24b of Schedule C

24 Travel, meals, and entertainment:	24a		
a Travel			
b Meals and entertainment			

Amounts listed on lines 13 and 14b of Schedule C must be added back to Self-Employment on:

- Line 12 of Form 1040

12 Business income or (loss). Attach Schedule C or C-EZ	12		
13a Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13a		
b If box on 13a is checked, enter post-May 5 capital gain distributions	13b		

Amounts listed on line 16 of schedule F must be added back to the net Farm Income on:

- Line 18 of Form 1040

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17		
18 Farm income or (loss). Attach Schedule F	18		
19 Unemployment compensation	19		

Using the 1040 to Determine Monthly Income

Annual income can be used to estimate the monthly income for self-employed family members (only line 12 on Schedule C can be used). To estimate the monthly income, add all of the positive amounts of lines 7 through 21 on the Form 1040. Negative amounts are counted as zero. Divide the total positive amounts by 12 to estimate the monthly gross income. Earned income receives the \$90 work expense deduction.

Example: A family is using a paycheck stub to prove the mother's income. The father is self-employed and using his 1040 and Schedule C to prove his income. He reports a net profit from his business income of \$13,789. This amount is divided by 12 to determine the estimated gross monthly income of \$1,149.08.

4

Determining Family
Size & Income

Using the Affidavit for Income Documentation

Applicants can use affidavits to document their incomes when using the joint Healthy Families and Medi-Cal for Families mail-in application when they do not have any other acceptable income documentation.

The Healthy Families Program regulations state that an affidavit of income written by the person who receives the income can be used as income documentation if the income amount could not be provided by any other acceptable means (e.g., pay stub, 1040, profit and loss statement, etc.). In these cases, the affidavit of income is considered acceptable proof of income.

NOTE: Family members who are self-employed CANNOT use affidavits to document their incomes. They can, however, prepare three month profit and loss statements or use their federal tax forms with the Schedule C.

Requirements for using an affidavit

An affidavit must include the following information:

- The amount and frequency of income received
- A declaration that the family member cannot provide other documentation of his or her income at the time of application to the program. This declaration must also state that the information provided is true and correct to the best of the family member's knowledge and belief.
- An acknowledgement that the family member understands that information provided in the affidavit may be subject to verification by the State of California
- Signature of the family member who is providing the affidavit and the date

See page 4-34 for a sample affidavit.

CAA REMINDER: Any manipulation or incorrect reporting of the family income is considered fraudulent behavior and can result in CAA termination and revocation of the CAA number. See Chapter 2: *Certified Application Assistant*.

FORM 1040

Form 1040		Department of the Treasury—Internal Revenue Service		2003		(99)	IRS Use Only—Do not write or staple in this space.
Label (See instructions on page 19.) Use the IRS label. Otherwise, please print or type.		For the year Jan. 1-Dec. 31, 2003, or other tax year beginning , 2003, ending , 20		OMB No. 1545-0074			
Label HERE		Your first name and initial		Last name		Your social security number	
		If a joint return, spouse's first name and initial		Last name		Spouse's social security number	
		Home address (number and street). If you have a P.O. box, see page 19.				Apt. no.	
		City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.					
Presidential Election Campaign (See page 19.)		Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund? . . . ▶				You <input type="checkbox"/> Yes <input type="checkbox"/> No Spouse <input type="checkbox"/> Yes <input type="checkbox"/> No	
Filing Status Check only one box.		1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See page 20.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child. (See page 20.)					
Exemptions		6a <input type="checkbox"/> Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a b <input type="checkbox"/> Spouse. c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 21) If more than five dependents, see page 21. d Total number of exemptions claimed					
Income Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see page 22. Enclose, but do not attach, any payment. Also, please use Form 1040-V.		7 Wages, salaries, tips, etc. Attach Form(s) W-2 7 8a Taxable interest. Attach Schedule B if required 8a b Tax-exempt interest. Do not include on line 8a 8b 9a Ordinary dividends. Attach Schedule B if required 9a b Qualified dividends (see page 23) 9b 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23) 10 11 Alimony received 11 12 Business income or (loss). Attach Schedule C or C-EZ 12 13a Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> 13a b If box on 13a is checked, enter post-May 5 capital gain distributions 13b 14 Other gains or (losses). Attach Form 4797 14 15a IRA distributions . . . 15a b Taxable amount (see page 25) 15b 16a Pensions and annuities 16a b Taxable amount (see page 25) 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17 18 Farm income or (loss). Attach Schedule F 18 19 Unemployment compensation 19 20a Social security benefits . . . 20a b Taxable amount (see page 27) 20b 21 Other income. List type and amount (see page 27) 21 22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶ 22					
Adjusted Gross Income		23 Educator expenses (see page 29) 23 24 IRA deduction (see page 29) 24 25 Student loan interest deduction (see page 31) 25 26 Tuition and fees deduction (see page 32) 26 27 Moving expenses. Attach Form 3903 27 28 One-half of self-employment tax. Attach Schedule SE 28 29 Self-employed health insurance deduction (see page 33) 29 30 Self-employed SEP, SIMPLE, and qualified plans 30 31 Penalty on early withdrawal of savings 31 32a Alimony paid b Recipient's SSN ▶ 32a 33 Add lines 23 through 32a 33 34 Subtract line 33 from line 22. This is your adjusted gross income ▶ 34					

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 77.

Cat. No. 11320B

Form 1040 (2003)

4

Determining Family Size & Income

SCHEDULE C

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business (Sole Proprietorship)

► Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
► Attach to Form 1040 or 1041. ► See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

2003

Attachment
Sequence No. **09**

Name of proprietor		Social security number (SSN)	
A Principal business or profession, including product or service (see page C-2 of the instructions)		B Enter code from pages C-7, 8, & 9	
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN), if any	
E Business address (including suite or room no.) ► City, town or post office, state, and ZIP code			
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►			
G Did you "materially participate" in the operation of this business during 2003? If "No," see page C-3 for limit on losses . <input type="checkbox"/> Yes <input type="checkbox"/> No			
H If you started or acquired this business during 2003, check here . <input type="checkbox"/> <input type="checkbox"/>			

Part I Income

1 Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here <input type="checkbox"/>	1		
2 Returns and allowances	2		
3 Subtract line 2 from line 1	3		
4 Cost of goods sold (from line 42 on page 2)	4		
5 Gross profit. Subtract line 4 from line 3	5		
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3)	6		
7 Gross income. Add lines 5 and 6	7		

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8			19 Pension and profit-sharing plans	19		
9 Car and truck expenses (see page C-3)	9			20 Rent or lease (see page C-5):			
10 Commissions and fees	10			a Vehicles, machinery, and equipment	20a		
11 Contract labor (see page C-4)	11			b Other business property	20b		
12 Depletion	12			21 Repairs and maintenance	21		
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13			22 Supplies (not included in Part III)	22		
14 Employee benefit programs (other than on line 19)	14			23 Taxes and licenses	23		
15 Insurance (other than health)	15			24 Travel, meals, and entertainment:			
16 Interest:				a Travel	24a		
a Mortgage (paid to banks, etc.)	16a			b Meals and entertainment			
b Other	16b			c Enter nondeductible amount included on line 24b (see page C-5)			
17 Legal and professional services	17			d Subtract line 24c from line 24b	24d		
18 Office expense	18			25 Utilities	25		
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns	28			26 Wages (less employment credits)	26		
29 Tentative profit (loss). Subtract line 28 from line 7	29			27 Other expenses (from line 48 on page 2)	27		
30 Expenses for business use of your home. Attach Form 8829	30						
31 Net profit or (loss). Subtract line 30 from line 29.	31						
• If a profit, enter on Form 1040, line 12 , and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.							
• If a loss, you must go to line 32.							
32 If you have a loss, check the box that describes your investment in this activity (see page C-6).							
• If you checked 32a, enter the loss on Form 1040, line 12 , and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.							
• If you checked 32b, you must attach Form 6198 .							
				32a <input type="checkbox"/> All investment is at risk.			
				32b <input type="checkbox"/> Some investment is not at risk.			

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11334P

Schedule C (Form 1040) 2003

SCHEDULE F

SCHEDULE F (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1041, Form 1065, or Form 1065-B.

▶ See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074

2003

Attachment
Sequence No. **14**

Name of proprietor

Social security number (SSN)

A Principal product. Describe in one or two words your principal crop or activity for the current tax year.

B Enter code from Part IV

D Employer ID number (EIN), if any

C Accounting method: (1) ☐ Cash (2) ☐ Accrual

E Did you "materially participate" in the operation of this business during 2003? If "No," see page F-2 for limit on passive losses. ☐ Yes ☐ No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method taxpayers complete Parts II and III, and line 11 of Part I.) Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.

1	Sales of livestock and other items you bought for resale	1		
2	Cost or other basis of livestock and other items reported on line 1	2		
3	Subtract line 2 from line 1	3		
4	Sales of livestock, produce, grains, and other products you raised	4		
5a	Total cooperative distributions (Form(s) 1099-PATR)	5a		5b Taxable amount
6a	Agricultural program payments (see page F-2)	6a		6b Taxable amount
7	Commodity Credit Corporation (CCC) loans (see page F-3):			
a	CCC loans reported under election	7a		
b	CCC loans forfeited	7b		7c Taxable amount
8	Crop insurance proceeds and certain disaster payments (see page F-3):			
a	Amount received in 2003	8a		8b Taxable amount
c	If election to defer to 2004 is attached, check here <input type="checkbox"/>	8d		8d Amount deferred from 2002
9	Custom hire (machine work) income	9		
10	Other income, including Federal and state gasoline or fuel tax credit or refund (see page F-3)	10		
11	Gross income. Add amounts in the right column for lines 3 through 10. If accrual method taxpayer, enter the amount from page 2, line 51	11		

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.

12	Car and truck expenses (see page F-4—also attach Form 4562)	12			25	Pension and profit-sharing plans	25		
13	Chemicals	13			26	Rent or lease (see page F-5):			
14	Conservation expenses (see page F-4)	14			a	Vehicles, machinery, and equipment	26a		
15	Custom hire (machine work)	15			b	Other (land, animals, etc.)	26b		
16	Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4)	16			27	Repairs and maintenance	27		
17	Employee benefit programs other than on line 25	17			28	Seeds and plants purchased	28		
18	Feed purchased	18			29	Storage and warehousing	29		
19	Fertilizers and lime	19			30	Supplies purchased	30		
20	Freight and trucking	20			31	Taxes	31		
21	Gasoline, fuel, and oil	21			32	Utilities	32		
22	Insurance (other than health)	22			33	Veterinary, breeding, and medicine	33		
23	Interest:				34	Other expenses (specify):			
a	Mortgage (paid to banks, etc.)	23a			a	.....	34a		
b	Other	23b			b	.....	34b		
24	Labor hired (less employment credits)	24			c	.....	34c		
					d	.....	34d		
					e	.....	34e		
					f	.....	34f		

35	Total expenses. Add lines 12 through 34f	35		
36	Net farm profit or (loss). Subtract line 35 from line 11. If a profit, enter on Form 1040, line 18, and also on Schedule SE, line 1. If a loss, you must go on to line 37 (estates, trusts, and partnerships, see page F-6)	36		
37	If you have a loss, you must check the box that describes your investment in this activity (see page F-6). • If you checked 37a, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1. • If you checked 37b, you must attach Form 6198.	37a	<input type="checkbox"/> All investment is at risk.	
		37b	<input type="checkbox"/> Some investment is not at risk.	

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2003

4

Determining Family
Size & Income

FORM 1040 A

Form	Department of the Treasury—Internal Revenue Service			U.S. Individual Income Tax Return	(99)	2003	IRS Use Only—Do not write or staple in this space.
1040A							OMB No. 1545-0085
Label (See page 19.)	Your first name and initial		Last name		Your social security number		
Use the IRS label. Otherwise, please print or type.	If a joint return, spouse's first name and initial		Last name		Spouse's social security number		
L A B E L H E R E	Home address (number and street). If you have a P.O. box, see page 20.					Apt. no.	
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 20.						
<div style="display: flex; justify-content: space-between;"> <div> Presidential Election Campaign (See page 20.) </div> <div> Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund? . . . </div> <div> You <input type="checkbox"/> Yes <input type="checkbox"/> No Spouse <input type="checkbox"/> Yes <input type="checkbox"/> No </div> </div>							
Filing status Check only one box.							
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> 1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. </div> <div style="width: 45%;"> 4 <input type="checkbox"/> Head of household (with qualifying person). (See page 20.) If the qualifying person is a child but not your dependent, enter this child's name here. </div> </div>							
5 <input type="checkbox"/> Qualifying widow(er) with dependent child (See page 21.)							
Exemptions							
6a <input type="checkbox"/> Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.							
b <input type="checkbox"/> Spouse							
c Dependents:							
(1) First name Last name		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 23)	No. of boxes checked on 6a and 6b No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see page 23) Dependents on 6c not entered above		
If more than six dependents, see page 21.		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Add numbers on lines above		
d Total number of exemptions claimed.							
Income							
Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld.							
If you did not get a W-2, see page 24.							
Enclose, but do not attach, any payment.							
7 Wages, salaries, tips, etc. Attach Form(s) W-2.							
8a Taxable interest. Attach Schedule 1 if required.							
b Tax-exempt interest. Do not include on line 8a.							
9a Ordinary dividends. Attach Schedule 1 if required.							
b Qualified dividends (see page 25).							
10a Capital gain distributions (see page 25).							
b Post-May 5 capital gain distributions (see page 25).							
11a IRA distributions.							
11b Taxable amount (see page 25).							
12a Pensions and annuities.							
12b Taxable amount (see page 26).							
13 Unemployment compensation and Alaska Permanent Fund dividends.							
14a Social security benefits.							
14b Taxable amount (see page 28).							
15 Add lines 7 through 14b (far right column). This is your total income .							
Adjusted gross income							
16 Educator expenses (see page 28).							
17 IRA deduction (see page 28).							
18 Student loan interest deduction (see page 31).							
19 Tuition and fees deduction (see page 31).							
20 Add lines 16 through 19. These are your total adjustments .							
21 Subtract line 20 from line 15. This is your adjusted gross income .							
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 57.							
Cat. No. 11327A							
Form 1040A (2003)							

FORM 1040EZ

Form 1040EZ		Department of the Treasury—Internal Revenue Service Income Tax Return for Single and Joint Filers With No Dependents (99) 2003		OMB No. 1545-0075
Label (See page 12.) Use the IRS label. Otherwise, please print or type. Presidential Election Campaign (page 12)	L A B E L H E R E	Your first name and initial	Last name	Your social security number
		If a joint return, spouse's first name and initial	Last name	Spouse's social security number
		Home address (number and street). If you have a P.O. box, see page 12.		Apt. no.
		City, town or post office, state, and ZIP code. If you have a foreign address, see page 12.		
<p>▲ Important! ▲ You must enter your SSN(s) above.</p> <p>Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if a joint return, want \$3 to go to this fund?</p> <p style="text-align: right;">You Spouse <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No</p>				
Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment. Note. You must check Yes or No.	1 Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.		1	
	2 Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.		2	
	3 Unemployment compensation and Alaska Permanent Fund dividends (see page 14).		3	
	4 Add lines 1, 2, and 3. This is your adjusted gross income .		4	
	5 Can your parents (or someone else) claim you on their return? Yes. Enter amount from worksheet on back. <input type="checkbox"/> No. If single , enter \$7,800. If married filing jointly , enter \$15,600. See back for explanation. <input type="checkbox"/>		5	
	6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .		6	
Payments and tax	7 Federal income tax withheld from box 2 of your Form(s) W-2.		7	
	8 Earned income credit (EIC).		8	
	9 Add lines 7 and 8. These are your total payments .		9	
	10 Tax. Use the amount on line 6 above to find your tax in the tax table on pages 24–28 of the booklet. Then, enter the tax from the table on this line.		10	
Refund Have it directly deposited! See page 19 and fill in 11b, 11c, and 11d.	11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund .		11a	
	b Routing number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
	d Account number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			
Amount you owe		12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe . For details on how to pay, see page 20.		12
Third party designee		Do you want to allow another person to discuss this return with the IRS (see page 20)? <input type="checkbox"/> Yes . Complete the following. <input type="checkbox"/> No		
Designee's name <input type="text"/>		Phone no. () <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		Personal identification number (PIN) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Sign here Joint return? See page 11. Keep a copy for your records.	Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.			
	Your signature <input type="text"/>	Date <input type="text"/> <input type="text"/> <input type="text"/>	Your occupation <input type="text"/>	Daytime phone number () <input type="text"/> <input type="text"/> <input type="text"/>
	Spouse's signature. If a joint return, both must sign. <input type="text"/>		Date <input type="text"/> <input type="text"/> <input type="text"/>	Spouse's occupation <input type="text"/>
Paid preparer's use only	Preparer's signature <input type="text"/>		Date <input type="text"/> <input type="text"/> <input type="text"/>	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP code <input type="text"/>		Preparer's SSN or PTIN <input type="text"/>	
	EIN <input type="text"/>		Phone no. () <input type="text"/> <input type="text"/> <input type="text"/>	
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 23.				
			Cat. No. 11329W	Form 1040EZ (2003)

4

Determining Family Size & Income

FORM 1040 CEZ

SCHEDULE C-EZ (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Net Profit From Business

(Sole Proprietorship)

- Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.
► Attach to Form 1040 or 1041. ► See instructions on back.

OMB No. 1545-0074

2003

Attachment
Sequence No. **09A**

Name of proprietor

Social security number (SSN)

Part I General Information

**You May Use
Schedule C-EZ
Instead of
Schedule C
Only If You:**

- Had business expenses of \$2,500 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as a sole proprietor.

And You:

- Had no employees during the year.
- Are not required to file **Form 4562**, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-4 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service

B Enter code from pages C-7, 8, & 9

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.). Address not required if same as on Form 1040, page 1.

City, town or post office, state, and ZIP code

Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here	<input type="checkbox"/>	1	
2 Total expenses (see instructions). If more than \$2,500, you must use Schedule C		2	
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on Form 1040, line 12 , and also on Schedule SE, line 2 . (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)		3	

Part III Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 2.

- 4** When did you place your vehicle in service for business purposes? (month, day, year) ►/...../.....
- 5** Of the total number of miles you drove your vehicle during 2003, enter the number of miles you used your vehicle for:
- a** Business **b** Commuting **c** Other
- 6** Do you (or your spouse) have another vehicle available for personal use? ☐ **Yes** ☐ **No**
- 7** Was your vehicle available for personal use during off-duty hours? ☐ **Yes** ☐ **No**
- 8a** Do you have evidence to support your deduction? ☐ **Yes** ☐ **No**
- b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 14374D

Schedule C-EZ (Form 1040) 2003

FORM 1040 CEZ page 2

Schedule C-EZ (Form 1040) 2003

Page **2**

Instructions

You may use Schedule C-EZ instead of Schedule C if you operated a business or practiced a profession as a sole proprietorship and you have met all the requirements listed in Part I of Schedule C-EZ.

Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service.

Line B

Enter the six-digit code that identifies your principal business or professional activity. See pages C-7 through C-9 of the Instructions for Schedule C for the list of codes.

Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, file **Form SS-4**, Application for Employer Identification Number. If you do not have an EIN, leave line D blank. **Do not** enter your SSN.

Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on **Forms 1099-MISC**. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference. You must show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Do not offset this amount by any losses.

Line 2

Enter the total amount of all deductible business expenses you actually paid during the year. Examples of these expenses include advertising, car and truck expenses, commissions and fees, insurance, interest, legal and professional services, office expense, rent or lease expenses, repairs and maintenance, supplies, taxes, travel, the allowable percentage of business meals and entertainment, and utilities (including telephone). For details, see the instructions for Schedule C, Parts II and V, on pages C-3 through C-7. If you wish, you may use the optional worksheet below to record your expenses.

If you claim car or truck expenses, be sure to complete Part III of Schedule C-EZ.

Optional Worksheet for Line 2 (keep a copy for your records)

a Business meals and entertainment	a						
b Enter nondeductible amount included on line a (see the instructions for lines 24b and 24c on page C-5)	b						
c Deductible business meals and entertainment. Subtract line b from line a	c						
d	d						
e	e						
f	f						
g	g						
h	h						
i	i						
j Total. Add lines c through i . Enter here and on line 2	j						

Schedule C-EZ (Form 1040) 2003



SAMPLE PROFIT AND LOSS STATEMENT

Company Name
Street Address
City, State and Zip Code
Phone Number

Month 1		Month 2		Month 3	
Gross Receipts	\$5,000	Gross Receipts	\$2,000	Gross Receipts	\$4,000
Total Income	\$5,000	Total Income	\$2,000	Total Income	\$4,000
Business Expenses:		Business Expenses:		Business Expenses:	
Car	\$200	Car	\$200	Car	\$200
Equipment	\$1,000	Equipment	\$1,000	Equipment	\$300
Repairs	\$300	Repairs	\$1,100	Repairs	\$100
Advertising	\$300	Advertising	\$300	Advertising	\$300
Total Expenses	(\$1,800)	Total Expenses	(\$2,600)	Total Expenses	(\$900)
Total Income	\$5,000	Total Income	\$2,000	Total Income	\$4,000
Total Expenses	(\$1,800)	Total Expenses	(\$2,600)	Total Expenses	(\$900)
Net Profit/Loss	\$3,200	Net Profit/Loss	(\$600)	Net Profit/Loss	\$3,100

Net Profits:	December 02	\$3,200
	January 03	\$ (600)
	February 03	<u>\$3,100</u>
Total Net Profit		\$6,300
	Divide by	<u>3</u>
	Monthly Net Profit	\$2,100

Signature of Person Earning Income

Date

The information provided is true and correct to the best of my knowledge.

Note: Negative net profit is always counted as zero.

SAMPLE EMPLOYER LETTER

COMPANY LETTERHEAD

Must include the following information:

Name of Employer/Company

Name (of person writing letter)

Address

City, State, Zip

Telephone number

Today's Date

Healthy Families/Medi-Cal for Families

P.O. Box.138005

Sacramento, Ca 95813-9984

Dear Medi-Cal/Healthy Families:

I certify that (Name of applicant or father of the baby) is an employee of (company name).

(Employee's name) **gross income** for this pay period is \$_____ and frequency of pay is (once a week, twice a monthly, every two weeks, once a month). A copy of the front and back of the most recent cancelled check from this company is attached for verification. This letter does not guarantee employment or wages.

I certify that the information presented in this letter is true and correct.

Sincerely,

Name

Job Title or Position

SAMPLE AFFIDAVIT OF INCOME LETTER

Applicant's Name
Address
City, State, Zip
Phone Number

Today's Date

Healthy Families/Medi-Cal for Families
P.O. Box 138005
Sacramento, CA 95813-9984

Dear Healthy Families and Medi-Cal for Families,

I am providing this affidavit to verify my income as I have no other income documentation available to me. I receive \$_____ (gross amount) and the frequency of pay is (weekly, every two weeks, twice a month, or monthly). I last received this amount on _____. My employer's name is _____ and their phone number is _____. I understand that this information is subject to verification by the State of California.

I certify that the information presented in this letter is true and correct to the best of my knowledge and belief.

Sincerely,

Name and signature of person receiving income

MEDI-CAL NOTICE OF ACTION

State of California—Health and Human Services Agency

Department of Health Services

MEDI-CAL NOTICE OF ACTION Denial or Discontinuance of Benefits Under the 100 Percent Program

(COUNTY STAMP)

Notice date: _____
Case number: _____
Worker name: _____
Worker number: _____
Worker telephone number: _____
Office hours: _____
Notice for: _____

The 100 Percent Program provides Medi-Cal benefits at no share-of-cost for children who are at least 6 years of age up to age 19 whose family income is at or below 100 percent of the federal poverty level. A review of your case shows that:

- ☐ Your child(ren) does not qualify for this program because your family's income is over the allowable limit. You will receive a separate notice about regular Medi-Cal.
- ☐ Your child(ren) does not qualify for this program because your family's income is over the allowable limit. Enclosed are forms that you need to complete and return to us to determine if he/she is eligible for regular Medi-Cal with a share-of-cost. Please return this information within ten days. If we do not receive this information, your child(ren)'s benefits will end _____.
- ☐ Eligibility for benefits under the 100 Percent Program ends because your child has reached age 19.
- ☐ A separate notice will be sent to you about regular Medi-Cal. If your child is hospitalized, let your worker know right away.
- ☐ Enclosed are forms that you need to complete for us to determine if he/she is eligible for regular Medi-Cal with a share-of-cost. Please return this information within ten days. If we do not receive this information, your child(ren)'s benefits will end _____.
- ☐ Eligibility for benefits under the 100 Percent Program ends _____ because:

The regulations which require this action are California Code of Regulations, Title 22, Section 50262.6.

If you have any questions about this action, please write or telephone. We will answer your questions or make an appointment to see you. You may reapply for Medi-Cal at any time. **DO NOT THROW AWAY YOUR CHILD'S BENEFITS IDENTIFICATION CARD (BIC).** Your child can use it again under another regular Medi-Cal program even if your child has a share-of-cost.

PLEASE READ THE REVERSE SIDE OF THIS NOTICE FOR APPEAL INFORMATION.

MC 239 G (6/02)

MEDI-CAL NOTICE OF ACTION

State of California—Health and Human Services Agency
Department of Health Services
Medi-Cal Program

MEDI-CAL NOTICE OF ACTION

APPROVAL FOR THE MEDICALLY NEEDY OR MEDICALLY INDIGENT PROGRAM BENEFITS

(COUNTY STAMP)

Notice date: _____
 Case number: _____
 Worker name: _____
 Worker number: _____
 Worker telephone number: _____
 Office hours: _____
 Notice for: _____

(name)

You have been ☐ approved for the following program:
☐ transferred to the following program:

- You do not have to fill out monthly or quarterly status reports to get Medi-Cal.
- You must report within ten days any significant changes that could affect your eligibility such as changes in your income, property, medical condition, or household situation.
- You will have to complete the form for your Medi-Cal annual review when it is sent to you.
- Receiving these Medi-Cal benefits does not count against any CalWORKs program time limits.

☐ Medically Needy Program for a family with a child whose parent(s) is/are absent from the home, deceased, incapacitated, unemployed, or working with limited earnings.

☐ Medically Needy Program for the aged, blind, or disabled.

☐ Medically Indigent Program for pregnant women.

☐ Medically Indigent Program for persons under age 21.

☐ Medically Indigent Program for a child who is the responsibility of a public agency.

☐ Other: _____

☐ You are entitled to full benefits beginning _____.

☐ Your benefits cover only emergency and pregnancy-related services beginning _____.

☐ You are eligible with no share-of-cost.

☐ Your income exceeds the maintenance need amount. You have a share-of-cost to pay or obligate towards your monthly medical care. Your share-of-cost is \$ _____ beginning _____.

Your share-of-cost was computed as follows:

Gross income	\$	
Net nonexempt income	\$	
Maintenance need	\$	
Excess income/share-of-cost	\$	

Always show your Benefits Identification Card (BIC) to your medical provider whenever you need care. This card is good as long as you are eligible for Medi-Cal. DO NOT THROW AWAY YOUR PLASTIC BIC.

The regulations that require this action are California Code of Regulations, Title 22, Sections 50203, 50251, and 50653.

MC 350 (2/02)

Sample Income Calculation Worksheet

WORK INCOME (EARNED) : PARENT #1 _____	WORK INCOME (EARNED) : PARENT #2 _____
ONCE A MONTH \$ _____	ONCE A MONTH \$ _____
TWICE A MONTH (e.g., 1 st and 15 th) \$ _____ Multiply by 2 \$ _____	TWICE A MONTH (e.g., 1 st and 15 th) \$ _____ Multiply by 2 \$ _____
EVERY 2 WEEKS (e.g., every other Friday) \$ _____ Multiply by 2.167 \$ _____	EVERY 2 WEEKS (e.g., every other Friday) \$ _____ Multiply by 2.167 \$ _____
EVERY WEEK (e.g., every Friday) \$ _____ Multiply by 4.33 \$ _____	EVERY WEEK (e.g., every Friday) \$ _____ Multiply by 4.33 \$ _____

OTHER COUNTABLE INCOME (UNEARNED): \$ _____ <small>(i.e., Alimony, Unemployment, Worker's Compensation, SDI, etc.)</small>	OTHER COUNTABLE INCOME (UNEARNED): \$ _____ <small>(i.e. Alimony, Unemployment, Worker's Compensation, SDI, etc.)</small>
--	---

TOTAL GROSS INCOME: Parent #1 \$ _____	TOTAL GROSS INCOME: Parent #2 \$ _____
---	---

DEDUCTIONS Work Expense (deduct up to \$90) \$ _____ Childcare Expense (if paid by this parent) \$ _____ <ul style="list-style-type: none"> If a child is less than 2 years old, deduct up to \$200. If a child is 2 years old or older, deduct up to \$175. If parent pays less than \$200/\$175, deduct the actual amount paid. Alimony RECEIVED (by this parent) \$ _____ <ul style="list-style-type: none"> Deduct up to \$50. Calculate amount by determining how many family members receive alimony/child support and divide \$50 by that number. Dependent Care (if paid by this parent) \$ _____ <ul style="list-style-type: none"> For care of disabled dependents, up to \$175/dependent. If parent pays less than \$175, deduct the amount paid. Alimony/Child Support PAID (by this parent) <ul style="list-style-type: none"> Deduct the actual/court-ordered amount paid, whichever is less <div style="text-align: right;">\$ _____</div> TOTAL PARENT DEDUCTIONS \$ _____	DEDUCTIONS Work Expense (deduct up to \$90) \$ _____ Childcare Expense (if paid by this parent) \$ _____ <ul style="list-style-type: none"> If a child is less than 2 years old, deduct up to \$200. If a child is 2 years old or older, deduct up to \$175. If parent pays less than \$200/\$175, deduct the actual amount paid. Alimony RECEIVED (by this parent) \$ _____ <ul style="list-style-type: none"> Deduct up to \$50. Calculate amount by determining how many family members receive alimony/child support and divide \$50 by that number. Dependent Care (if paid by this parent) \$ _____ <ul style="list-style-type: none"> For care of disabled dependents, up to \$175/dependent. If parent pays less than \$175, deduct the amount paid. Alimony/Child Support PAID (by this parent) <ul style="list-style-type: none"> Deduct the actual/court-ordered amount paid, whichever is less <div style="text-align: right;">\$ _____</div> TOTAL PARENT DEDUCTIONS \$ _____
---	---

(Total Gross Income – Total Deductions) = Parent #1- Net Income <div style="text-align: right;">\$ _____</div>	(Total Gross Income – Total Deductions) = Parent #2- Net Income <div style="text-align: right;">\$ _____</div>
---	---

4

Determining Family Size & Income

Sample Income Calculation Worksheet

Parent's Net Income (From Reverse Side)	Child 1	Child 2	Child 3
	Age _____ Family Size _____	Age _____ Family Size _____	Age _____ Family Size _____
Parent #1 (if counted for this child)	\$ _____	\$ _____	\$ _____
Parent #2 (if counted for this child)	\$ _____	\$ _____	\$ _____
Total Parent Net Income (Box A)	\$ _____	\$ _____	\$ _____

Child's Countable Income	Child 1	Child 2	Child 3
Work Income (Earned) • if not enrolled in school and over 14 years old	\$ _____	\$ _____	\$ _____
Other Countable Income (Unearned) (i.e., Child Support, Soc. Sec. benefits, etc.)	\$ _____	\$ _____	\$ _____
Total Child Gross Income (Box B)	\$ _____	\$ _____	\$ _____

Child's Deductions	Child 1	Child 2	Child 3
Work Expense • deduct up to \$90	\$ _____	\$ _____	\$ _____
Child Support Received by this child • Deduct up to \$50. Calculate amount by determining how many family members receive alimony/child support and divide \$50 by that number.	\$ _____	\$ _____	\$ _____
Total Child Deductions (Box C)	\$ _____	\$ _____	\$ _____

Total Parent Net Income (Box A)	\$ _____	\$ _____	\$ _____
+			
Total Child Gross Income (Box B)	+ \$ _____	+ \$ _____	+ \$ _____
-			
Total Child Deductions (Box C)	- \$ _____	- \$ _____	- \$ _____
Child Net Income	<u>Child 1 Net Income</u> = \$ _____	<u>Child 2 Net Income</u> = \$ _____	<u>Child 3 Net Income</u> = \$ _____
May be Eligible for:			

Income Calculation Worksheet Instructions

Calculating Parent's Net Income

Step 1- Work Income

Determine and calculate the frequency (how often received) of the gross monthly income for each parent in the family size. Refer to pages 4-4 and 4-5 for more information on work income.

Step 2- Other Countable Income

'Other Countable Income' a parent may receive includes alimony, unemployment, Workers' Compensation, etc. Refer to 4-5 through 4-7 for the list of other income that is counted.

Step 3- Total Gross Income

Take the sum of the 'Work Income' and 'Other Countable Income' to calculate the "Total Gross Income" for each parent. Refer to page 4-11 for more information.

Step 4- Total Parent Deductions

Medi-Cal and Healthy Families allow certain income deductions to be applied to the 'Total Gross Income' of each parent, if he or she is eligible. Refer to page 4-13 through 4-15 for more information on deductions.

Total Parent Deductions: Take the sum of all deductions this parent is eligible for.

Step 5- Parent Net Income

For each parent, take the 'Total Gross Income' and subtract the amount of 'Total Parent Deductions.' Refer to page 4-16 *Calculating Parent's Net Income* for more information.

NOTE: Please refer to page 1-17 for instructions on how to calculate a pregnant woman's net income.

4

Determining Family
Size & Income

Income Calculation Worksheet Instructions

Calculating Child's Net Income

Remember to screen each child separately, including only income counted for that child. Repeat steps 1 through 4 for EACH child you are screening.

Step 1- Parent's Net Income

For each child, take the 'Parent Net Income' (from page1) that is counted for this child and total the sum of all 'Parent Net Income' to give you the **Total Parent Net Income (Box A)** for each child.

Step 2- Child's Countable Income

A child may also have of his or her own income. This income is counted only for the child who actually receives it. Countable income for a child may include:

Work income (of a child) - counts for the child if the child is not enrolled in school and over the age of 14.

Other Countable income- is other income received by this child (e.g., child support, Social Security benefits, etc.)

Total Child Gross Income (Box B): Take the sum of the child's income (if any) to find the total for this box.

Step 3- Child's Deductions

A child may be eligible for two deductions: work expense and/or child support received.

Total Child Deductions (Box C): Take the sum of all deductions this child is eligible for.

Step 4- Child's Net Income

Refer to page 4-17 for more information on calculating *Child's Net Income*.

Child 1 Net Income = Child 1's Box A + Child 1's Box B – Child 1's Box C)